

Tuesday 22 January 2014



Dear Editor,

Your editorial on drought assistance (AFR 17 Jan "Don't subsidise low rainfall") raised the valid question – should Australians support farmers during drought?

In short, the answer has to be 'yes' if Australians want their high-quality food and fibre to continue to be produced on Australian soil.

A Productivity Commission report in 2009 concluded that the Interest Rate subsidies of the past did not necessarily reward farmers who were the best prepared for the droughts - an unavoidable feature of farming in Australia. As a result, it was the Gillard Labor Government, not Barnaby Joyce, as your editorial incorrectly suggested, that introduced concessional loans as a business restructuring support mechanism during severe downturns.

Additionally, it's incorrect to say the Abbott Government ignored the PC report, or the need for fundamental shifts in the way drought support is structured, when extending this measure to cope with the rapidly deteriorating climatic conditions it faced upon election.

It's unrealistic to expect farmers to prepare for ALL droughts. While it is reasonable to expect farm business operators to take every opportunity when times are good to prepare for future droughts, it is not realistic to expect those reserves will carry them through EVERY drought.

In 2013, Australia experienced the warmest year since records began in 1910, and rainfall in many drought affected regions were near historic lows. It must be acknowledged that it's rare for any businesses, who are clearly viable in the long term, to face year after year of negative income due to circumstances that are completely out of their control.

I urge all Australians, including our state and federal politicians, to look beyond the headlines and seize this valuable opportunity to make landmark reforms that will ease the boom and bust nature of agricultural profitability

Let's strike while the iron is hot.

ENDS.

National Farmers' Federation

President

Mr Brent Finlay